

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

*Bill Leonard, Member
State Board of Equalization*

March 5, 2007

QUOTE OF THE WEEK

“Whoever said the pen is mightier than the sword obviously never encountered automatic weapons.” --- General MacArthur

AROUND THE STATE

*****A Pro-Family Tax Proposal*****

Taxpayers that file as Head of Household status receive more favorable treatment – more favorable tax brackets, higher adjusted gross income thresholds for deductions and exemptions, and a larger standard deduction than taxpayers filing singly.

We had a case a couple month ago that made me rethink the state’s eligibility policy. A man had applied for HoH status and been rejected by FTB because he was not married and not related by birth or adoption to the minor living in the home. However, this man was clearly the breadwinner for the family. Based on the law, the Board had to side with FTB but I felt terrible about it. I am a big proponent of the traditional family structure, but I am also in favor of giving every incentive for men and women to stay together – whether married or not -- in order to provide a supportive family structure for kids.

The state Franchise Tax Board acknowledged and agreed that this taxpayer was the sole support for the child. Support that he apparently had no legal obligation to provide, but is choosing to do so. He is probably keeping this child off of the state's welfare system and that certainly is an economic reason for the state to recognize his efforts. So in an ironic situation he is being allowed to claim the child as a dependent for tax purposes but not being allowed to claim Head of Household status because the mom is also in the home and he is not related by blood to the child.

The original aim of Head of Household law is to recognize that families have more expenses than singles. It needs to be updated to reflect situations like this one and to help families in California.

*****Missing Headlines*****

The press is full of stories about studies showing that immigrants are less criminal than native-born Americans. So what? It's like saying that people who spend a lot of time to become basketball players end up being better basketball players than those who do not. Immigrants work hard to get to America. Immigrants endure huge bureaucracies in their home countries and in America to get all the processing done to make the move. After all that work to get to America, it is more surprising that any immigrant becomes a criminal.

But that is not even close to the topic under discussion. Immigrants have made America the nation that it is today. No one is questioning the contributions of immigrants to this country.

The debate in America today is the impact of ILLEGAL aliens-- those people who did the opposite of what legal immigrants must do to get to America are clearly distinguishable from those who followed the law. I would like to know the impact of illegal aliens on crime. But so-called university researchers do not want the American public to have the facts for this debate. They want to cloud the issue by besmirching legal immigrants with the question "how much crime did they commit?" And the press compounds it by writing headlines that confuse the issue.

UNDER THE DOME

*****Representative Government*****

Everybody was talking about the bill to use your tax dollars to create a \$500 savings account for each child born in California. The bill was initially co-sponsored by Republican State Senator Bob Dutton. On Friday morning, Senator Dutton withdrew his sponsorship of the bill and in doing so raised two important points. First, he mentioned that one of the reasons for changing his mind about the bill was the number of calls he had from people asking what he was doing sponsoring it in the first place. In talking with them, he determined the widespread disdain for the idea and he responded as a good elected official should: he changed his mind.

Second, in explaining his reasons for considering the bill, he raised a broader point with serious implications for California. Dutton said, "The national savings rate is at its lowest point since the Great Depression. Americans are carrying record levels of debt. According to a survey by the Coalition for Financial Security, less than a third of people under 40 own investment products. The State must not legislate investment behavior. What we can do is create opportunities for people to learn financial skills. As individuals increase their financial literacy, the cause of liberty is advanced."

As a society and for our individual and familial well being, we need to save more, invest wisely and be prepared for our future. We cannot depend on government to do that for us, anymore than we should depend on government to discipline our toddlers, or tell us what food to eat.

*****YMCA Model Legislature's Results*****

I pledged that I would report back on the YMCA Youth and Government 59th Annual Model Legislature that took place on February 15 in the capitol's legislative chambers. I tracked four

bills that my conservative viewpoint thought worthy of strong support, and I am surprised that three out of the four were passed by the model legislature and signed by the YMCA Governor. Out of roughly 108 proposals, only 28 made it all the way. Does this augur a more conservative generation? Not exactly. In addition to my three conservative choices, the bills that were signed include banning smoking in “all areas of public domain”; changing the legal definition of marriage to “domestic partnership”; and a gasoline tax increase. Nonetheless, I am impressed by the depth and seriousness of the proposals overall and if I had to give an ideological label to the results I would say neither conservative, nor liberal – maybe populist.

Congratulations to all those who participated. Below are the bills I tracked and cheered for:

“AB 102 requires public schools to have mandatory classes on objective religious studies, with a comparative study of the world’s major religions.” – Offered by La Jolla delegation, defeated in the Senate.

“AB 124 creates a Sunset Advisory Commission to evaluate the performance of state agencies.” –Offered by Magdalena Ecke, signed by the Governor.

“AB 164 would increase the number of years needed to achieve tenure in the public school system of California.” –Offered by the Marin delegation, signed by the Governor.

“SB 221 mandates the creation of a committee by the Energy Commission to research the feasibility of expanding California’s nuclear energy capability.” – Offered by the Southwest/Riverside delegation, signed by the Governor.

*****Driving Solo*****

I am not a big fan of carpool lanes. I think we can get more bang for our traffic dollars by just creating more lanes for everyone to drive in. That said, if we are going to have these “high occupancy vehicle” lanes, then we should seriously consider implementing the strategy that Colorado adopted last year. There are HOV lanes along a seven-mile stretch on I-25 between downtown Denver and U.S. Hwy. 36. Those lanes accommodate carpools and buses, but now they are open to solo drivers who are willing to pay to use them. The lanes are monitored and the toll adjusted depending on traffic flow, which ensures that buses and carpools are not slowed down by a glut of solo drivers, but allows those who are willing to pay a high enough price to use the relatively open lanes. We in California are not accustomed to having to pay to drive on our state’s highways, but as the state becomes more crowded, traffic becomes even more congested, and it becomes harder and harder to build new roads, we must look at practical options. I particularly like the explanation of former Colorado Governor Bill Owens: “We took an asset we already had, improved it, and created an additional source of revenue without raising taxes.”

MISCELLANY

*****A Good Read*****

You may have read Steinbeck's "The Grapes of Wrath" and think you know about the Dust Bowl of the 1930s. But as "The Worst Hard Time" author Timothy Egan points out, Steinbeck's novel profiled those who left the disaster in the Midwest and made their way to California in an attempt to save their lives and create new livelihoods. Egan's books tells the stories of those who stayed on the High Plains and endured year after year of drought, dust and death during this country's most challenging economic time. The people who settled these arid lands did so with government land grants and enjoyed pleasant lives until the rain stopped. The lack of water and the sod upturned by farmers' plows created quantities of dust that seeped into every crevice and every lung. Egan describes the "dusters"—wind storms that swept the dry plain silica up into the sky and over the countryside in haunting terms that put you right in the middle of prairie shack, holding a wet cloth to your face in an attempt to breath. Egan's work captures the tenacity, faith and determination of the families who stayed throughout the storms and eeked out an existence in the midst of efforts by the Red Cross and government officials attempting to help even when Mother Nature would not cooperate. This is a chapter in American history worth knowing, and Egan's narrative is a provocative way to learn.

*****New Citizenship Test*****

To see the official answers to the pilot U.S. citizenship questions below, go to <http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnnextoid=dcf5e1df53b2f010VgnVCM1000000ecd190aRCRD>

121. What movement tried to end racial discrimination?
122. Name one of the major American Indian tribes in the United States.
123. Name one of the two longest rivers in the United States.
124. What ocean is on the west coast of the United States?
125. What country is on the northern border of the United States?
126. Where is the Grand Canyon?
127. Where is the Statue of Liberty?
128. What country is on the southern border of the United States?
129. Name one large mountain range in the United States.
130. What is the tallest mountain in the United States?

BOE AND LEGISLATIVE DATES

March 20, 2007 --- Board of Equalization meets in Sacramento.

March 20, 2007 --- Business and Property Taxpayers' Bill of Rights hearings Business and Property Taxpayers' Bill of Rights hearings in Sacramento at approximately 1:30pm.

March 29, 2007 --- Legislative Spring Recess begins upon adjournment (J.R. 51(a)(2)).

March 30, 2007 --- Cesar Chavez Day.

April 8, 2007 --- Easter.

April 9, 2007 --- Legislature reconvenes from Spring Recess. (J.R. 51(a)(2)).

April 24-25, 2007 --- Board of Equalization meets in Sacramento.

April 27, 2007 --- Last day for policy committees to hear and report fiscal bills for referral to fiscal committees (J.R. 61(a)(2)).

NOTABLE DATES/ HISTORY

March 5, 1770 --- In what came to be known as the Boston Massacre, British troops fired on a raucous mob, killing five Americans and wounding six. Among the victims was Crispus Attucks, a seaman of African American descent.

March 6, 1836 --- About 170 Texans perished at the Alamo in San Antonio, Texas, when approximately 3,000 Mexicans commanded by General Antonio Lopes de Santa Anna overran the Republic of Texas garrison.

March 6, 1857 --- The United States Supreme Court ruled on the Dred Scott case, declaring that African Americans were not U.S. citizens.

March 7, 1876 --- Alexander Graham Bell received a patent for the telephone.

March 7, 1965 --- On what became known as Bloody Sunday, a march through Selma, Alabama, was broken up by police.

March 8, 1913 --- The Internal Revenue Service began to levy and collect income taxes.

March 9, 1867 --- The United States agreed to purchase the 586,400 square miles of the Alaska Territory from Russia for \$7,200,000.

March 9, 1959 --- The original Barbie doll debuted in American stores.

March 10, 1849 --- Abraham Lincoln applied for a patent, becoming the first president to do so. He received the patent in May for a device that lifted boats over shoals although the product was never manufactured.

March 10, 1862 --- The first paper money in the United States was issued.

March 10, 1876 --- Alexander Graham Bell transmitted the first message by voice over wire using his newly invented telephone: “Mr. Watson, come here. I want you.”

March 11, 1941 --- President Franklin D. Roosevelt signed the Lend-Lease Act. It gave the president authority to aid any nation whose defense was regarded as vital to the United States and to accept repayment and enabled giving help to the Allies during World War II.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate’s office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard, Member
State Board of Equalization, Second District
Email: bill.leonard@boe.ca.gov

Northern California Office:

400 Capitol Mall, Suite 2340
Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Southern California Office:

4295 E. Jurupa Ave., Ste. 204
Ontario, CA 91761-1428
Telephone: (909) 937-6106
Fax: (909) 937-7044